

ICPS newsletter®

World-class city government has arrived. Now it needs to be promoted

Contemporary methods of municipal government that focus on residents as consumers of services, systems for evaluating satisfaction with the services provided, indicators of progress in achieving strategic municipal goals, and computerized municipal government—all these are already working in Ukraine, and not in Kyiv, but in the small city of Komsomolsk in Poltava. With the assistance of specialists from the “People’s Voice” project, separate municipal government systems were combined and a new list of indicators was developed to evaluate the performance of all municipal services. The experience gained in this project was recently presented at a conference dedicated to transferring the experience of Komsomolsk to other cities in Ukraine

A new, result-driven approach

At one time, under the old public bureaucracies in Western European countries and in the US, like public administration systems in the former socialist countries of Central and Eastern Europe, local governments functioned apart from the needs of their communities, in a “just follow the rules” mode. To some extent, this system worked fine when governments were not faced with especially complex tasks, but worked on fairly standardized objectives where sticking to the rules was considered more important than efficiency or effectiveness.

By contrast, the main objective of local governments in countries with modern, democratic systems is to provide quality services to the general population and businesses. One component of this approach is to identify the goals and results of government activity and to make decisions based on information about the extent to which these have been reached. Such an approach is known in the world as “results-based management.”

Results-based management is focused on clearly identifying anticipated results and indicators that will confirm them, developing and implementing measures to achieve these results, monitoring on a regular basis, and making policy decisions based on information about the degree to which the results have been reached. Although this kind of approach does not guarantee improved public services, it certainly makes it possible for managers to track the attainment of stated goals in each

service sector, the use of financial and human resources allocated for the purpose, and the costs per product/service unit. This approach also makes it possible to continually evaluate the extent to which public services match the needs of the population.

Komsomolsk: A state-of-the-art municipal management system

A little over 50,000 people live in Komsomolsk, although it was only founded in the 1960's. The city is unique for the relative youthfulness of its residents—the average age is 37—and the creative thinking of its managers—they have been deliberately introducing modern principles of municipal government for many years.

By early 2005, three modern systems were being used to run Komsomolsk: a strategic planning system, a program-targeted system for forming the municipal budget, and a quality management system that followed ISO standards. All three systems worked in parallel and helped to focus the local government's activities better.

However, it was becoming evident that they did not form an integrated whole. For one thing, the parallel operation of three management systems led to additional administrative work. As a result, it was hard to monitor effectively. The city government recognized that the situation was unsatisfactory and, jointly with the “People’s Voice” project, they began to integrate the three systems, including their various indicators.

Moreover...

Moreover... is a new column in the *icps newsletter* that will briefly inform readers about current ICPS activities and update you on various research projects undertaken by ICPS and other events that are not always covered. While Komsomolsk's successful municipal government experience was being presented:

- The Bill “On protection against racial, national and ethnic discrimination” that was developed by ICPS specialists and submitted to the Verkhovna Rada in December 2005 is being studied by the Rada's Expert Review Department. The results are expected to come out by 10 February.
- “The Future of the Ukrainian Economy” is the working name of a large-scale study ICPS specialists are currently developing. This research was commissioned by a well-known Ukrainian company and the final report will be submitted to the client in March 2006.
- ICPS completed the first version of a model for public oversight of Budget spending. ICPS is now waiting for materials from its foreign partners on Budget oversight in cities in Kazakhstan and Macedonia.
- ICPS's main defense and security specialist Viktor Chumak is currently in Poland heading a delegation of Ukrainian government officials and NGO specialists to study Polish experience implementing migration policy, signing readmission agreements with the EU and detaining illegal migrants.
- ICPS is continuing to process materials from a roundtable called “The Metals Business in Ukraine: Is there any future?” The discussion among interest groups took place at ICPS on 31 January. A summary of the conclusions will be published in future issues of the Newsletter and the complete report will be available on the ICPS website.

The new, integrated management structure in Komsomolsk now looks like this: the city's overall strategy and objectives guide the work of the local government and all City Hall activities are financed under municipal budget programs, while the quality management (QM) system checks the quality of services provided with budget money.

To oversee the effectiveness of the newly established system, local government and project specialists have developed a new set of indicators what combines the old municipal strategy indicators, the program-targeted budget indicators, and the QM system indicators. At least three indicators were established for each strategic and operational goal and related budget programs. These indicators make it possible to evaluate how effectively a specific goal is being reached, the quality of this effectiveness, such as its compliance with established standards, and its quantitative effectiveness, such as the cost of a particular service.

Because of the large number of indicators—Komsomolsk has more than 400 indicators for its strategy and program-targeted budget and more than 150 indicators for the QM system—and the considerable document flow in the performance monitoring system, it was decided to develop special software to record, save and present monitoring results. The database of all indicators will eventually be accessible to all staff in the municipal Executive.

The updated system of indicators became the basis for the socio-economic development strategy for 2006–2011 that was approved by the Komsomolsk City Council in late 2005.

Komsomolsk shows the way for other Ukrainian cities

The experience of Komsomolsk can easily be transferred to other Ukrainian cities. Because of its modular principle, Komsomolsk's approach can be applied stage-by-stage or as a single program, depending on the institutional capacity of a given city to introduce innovations.

Six main conclusions can be drawn from the process of implementing new management methods:

- Any reform of a city's management system starts with a mayor who

understands the need to change the style of management and who wants his fellow citizens to be given better services.

- It is better to start reforming the government with a municipal development strategy that prioritizes all subsequent steps.
- The city's goals and the criteria for their implementation need to be determined and a system for internal reporting on these criteria organized.
- There needs to be support for feedback within the government as well as from the community regarding the quality of services and public expectations.
- The city has to invest in the professional potential and development of its human resources.
- The city can either turn to professional consultants or study best practice in other cities on its own and gradually adjust that experience to its own circumstances.

There is a high likelihood that changes that are introduced at the management level will improve the quality, efficiency and effectiveness of all services provided to residents of Komsomolsk. Because this project laid a proper foundation for management, there is reason to hope for improved results in the provision of specific public services. However, to make this really happen, a sense of responsibility for high quality services needs to be conveyed from top officials to middle managers and to the actual providers of services.

The "Results-Based Municipal Government" conference took place on 25 January 2006 in Komsomolsk, Poltava. Some 80 representatives of local governments, NGOs, international donors, and academia attended. Komsomolsk is one of the six cities participating in the "People's Voice" project (<http://pvp.org.ua>) that is financed by the Canadian International Development Agency (CIDA) and the World Bank and implemented jointly by the International Centre for Policy Studies (ICPS) and PADCO, a US consultancy. The goal of this project is to improve the quality of services provided by local governments to their populations. For more information, contact the ICPS manager for local development projects, Volodymyr Hnat, by telephone at (380-44) 484-4409 or via e-mail at vhnat@icps.kiev.ua.

Big changes in the ICPS Supervisory Board

During a December meeting, the ICPS Supervisory Board approved changes to its membership. The Executive Committee elected four new members to the Supervisory Board:

- David Elder, Adjunct Professor, Queen's University, Canada;
- Vladyslav Kaskiv, Advisor to the President of Ukraine, PORA leader;
- Ksenia Liapina, Verkhovna Rada Deputy (Nasha Ukrayina);
- Yuriy Yakusha, Deputy Executive Director for Ukraine, International Monetary Fund.

After discussions with members who have not been able to participate actively, 10 individuals have resigned from the ICPS Supervisory Board:

- Inna Bohoslovsk, President, Viche Ukrayiny Fund;
- Jim Bown, General Director, The Deane Group;
- Anatoliy Halchynskiy, Director, National Institute for Strategic Studies;
- Jaroslaw Kinach, Member, Supervisory Board, XXI Century Investments;
- Vitaliy Melnychuk, Vice President, KINTO Investment;
- Svitlana Oharkova, General Director, Techno Ukraine;
- Serhiy Romaniuk, First Deputy Economy Minister of Ukraine;
- Alex Sundakov, Executive Director, Castalia Ltd;
- Dusan Vujovic, Country Manager for Ukraine, the World Bank Group;
- Myron Wasylyk, Managing Director, PBN, a public relations firm.

As the highest ICPS governing body, the Supervisory Board is in charge of making decisions regarding the ICPS strategy and of evaluating the Centre's performance. Meetings are held twice a year, during which the Supervisory Board approves the Centre's financial and activity reports. Currently, the Supervisory Board consists of 15 members who are top Government officials, VR deputies, international specialists, ambassadors, and representatives of business and academic circles.

icps newsletter is a weekly publication of the International Centre for Policy Studies, delivered by electronic mail. To be included in the distribution list, mail your request to: marketing@icps.kiev.ua.

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